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**FISCAL IMPACT STATEMENT**

**LS 6567**

**BILL NUMBER:** HB 1227

**NOTE PREPARED:** Jan 7, 2014

**BILL AMENDED:**

**SUBJECT:** Funding for Hometown Plans.

**FIRST AUTHOR:** Rep. Moseley

**FIRST SPONSOR:**

**BILL STATUS:** As Introduced

**FUNDS AFFECTED:**    **GENERAL**  
                          **X DEDICATED**  
                          **FEDERAL**

**IMPACT:** State

**Summary of Legislation:** The bill provides that distributions for training and counseling assistance provided by a Hometown Plan or Vincennes University from the Special Employment and Training Services Fund (P&I Fund) are no longer linked to distributions formerly made under an expired statute.

The bill annually appropriates money from the state General Fund to make up the difference if the balance in the P&I Fund is insufficient for making the specified distributions for training and counseling assistance provided by a Hometown Plan or Vincennes University. It makes an appropriation from the state General Fund to make up the difference, if any, between the specified distribution amounts for training and counseling assistance provided by a Hometown Plan or Vincennes University and any amounts actually distributed in 2013 (FY 2014).

**Effective Date:** July 1, 2014.

**Explanation of State Expenditures:** *Department of Workforce Development (DWD)* - DWD administers the P&I Fund, which is comprised primarily of money collected as interest and penalties on employers delinquent in unemployment taxes. From FY 2009 through FY 2013, the P&I Fund generated an average of \$10 M in revenue each year. The bill statutorily requires \$700,000 for training and counseling assistance for certain individuals (see *Additional Information* below) to a Hometown Plan (\$400,000) and Vincennes University (\$300,000). A remaining \$5.25 M is required to be directed to Vincennes and Ivy Tech for other purposes.

The bill requires that an appropriation be made from the state General Fund in the event that amounts funded to the above-mentioned organizations exceed available amounts in the P&I Fund. The future amounts in the

P&I Fund depend on collections from employers delinquent in unemployment taxes. Over the last five fiscal years, revenue to the P&I Fund has averaged \$10 M per year. Additionally, administrative costs paid out of the P&I Fund have not exceeded \$3 M for any recent year (and is often considerably lower). The P&I Fund may have sufficient revenue to pay for the obligations under the bill depending upon the timing of future revenues and administrative costs.

Note that a total of \$500,000 was awarded to the Indiana Plan (i.e., Indiana's Hometown Plan) and Vincennes University in FY 2014, at \$250,000 to each organization. However, this funding did not originate from the P&I Fund, but rather from other available sources (at the discretion of DWD, as the mandate requiring funding for these organizations from the P&I Fund had expired by this time). Therefore, there was no shortfall in FY 2014 to the P&I Fund for these activities.

*Additional Information:* The Indiana Plan is Indiana's Hometown Plan and has been in operation since 1970. Hometown Plans were created by a federal executive order in 1969 and are voluntary three-party affirmative action agreements between a local area's construction contractors, unions, and community representatives. The agreements are intended to provide construction training to minorities, women, and the disadvantaged.

**Explanation of State Revenues:**

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:**

**State Agencies Affected:** DWD; Vincennes University.

**Local Agencies Affected:**

**Information Sources:** Michelle Marshel, DWD, [mmarshel@dwd.in.gov](mailto:mmarshel@dwd.in.gov); Indiana Plan Website, [www.indianaplan.org](http://www.indianaplan.org); U.S. Civil Rights Commission, *Ten-Year Check-Up: Have Federal Agencies Responded to Civil Rights Recommendations? Volume II: An Evaluation of the Departments of Justice, Labor, and Transportation*, [www.usccr.gov/pubs/10yr02/vol2/ch3.htm](http://www.usccr.gov/pubs/10yr02/vol2/ch3.htm)

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